

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 IO-13 ISO-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03
H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 STR-05 ITC-01 TRSE-00
USIA-06 PRS-01 SP-02 SOE-02 OMB-01 DOE-11 NEA-10
OIC-02 XMB-02 OPIC-03 /160 W
-----028986 291407Z /43

R 290810Z DEC 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 7433

INFO AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMCONSUL LUBUMBASHI

AMEMBASSY LUSAKA

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

USMISSION GENEVA

C O N F I D E N T I A L KINSHASA 12263

E.O. 11652: GDS

TAGS: ETRD, EMIN CIPEC, CG

SUBJECT: GOZ REACTIONS TO CIPEC MINISTERIAL MEETING

REF: A) STATE 293265, B) KINSHASA 8100 (NOTAL)

1. EMBOFFS QUERIED DIRECTOR GENERAL OF GOZ DEPARTMENT OF MINES ABOUT ZAIRE'S POSITION AT RECENT CIPEC MEETING AND ABOUT PROPOSAL TO CUT BACK COPPER PRODUCTION (REF A). HE EXPLAINED UNENTHUSIASTICALLY THAT DEPT OF MINES WOULD WORK ON PLAN TO REDUCE PRODUCTION BUT THAT ANY DECISION TO CUT BACK WOULD HAVE TO BE MADE BY GOZ. IN SAME BREATH DG EXPRESSED PLEASURE THAT
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CURRENTLY DORMANT SMTF, A PRIVATE FIRM, MAY BEGIN VERY LIMITED PRODUCTION IN NEAR FUTURE IF IT CAN NEGOTIATE CONTRACT TO SELL COPPER CONCENTRATE TO GECAMINES, THE STATE-OWNED FIRM.

2. DEPT OF MINES OFFICIAL COMMENTED THAT IN 1978 IT WILL BE ZAIRE'S TURN TO HOST ANNUAL CIPEC MEETING AND SAID THAT GOZ CURRENTLY STUDYING WHETHER IT IS WILLING TO INCUR THIS EXPENSE

AND RESPONSIBILITY. (FYI: EMBASSY RECALLS THAT GOZ REFUSED TO HOST CIPEC MEETING IN 1975, OSTENSIBLY BECAUSE OF AUSTERITY BUDGET. HOWEVER, WE SUSPECT THAT REAL REASON WAS BECAUSE ZAIRE HAD EXCEEDED PRODUCTION LEVELS CALLED FOR BY CIPEC.)

3. GENERAL MANAGER OF GECAMINES, WHO ATTENDED CIPEC MEETING, TOLD AMCONSUL LUBUMBASHI THAT GECAMINES (AND FOR THAT MATTER, ALL ZAIRIAN COPPER MINES) WERE ALREADY PRODUCING AT LESS THAN CAPACITY DUE TO TRANSPORTATION AND SUPPLY PROBLEMS. SO ANY GOZ DECISION TO REDUCE PRODUCTION FROM CAPACITY, IF TAKEN, WOULD NOT AFFECT ACTUAL PRODUCTION RATES FOR NEAR FUTURE. HE OPINED THAT PRODUCERS WERE BORED WITH PRODUCER/CONSUMER FORUM BECAUSE MEETINGS CONSISTED OF TOO MUCH TALK AND TOO LITTLE ACTION. RIO TINTO PROPOSAL OF LOANS IN EXCHANGE FOR CUTBACKS WAS NOT SUFFICIENTLY DETAILED, HE MAINTAINED, FOR HIM TO FORMULATE OPINION.

4. COMMENT: AS REPORTED EARLIER (REF B), WE THINK IT VERY UNLIKELY THAT GOZ WOULD ACTUALLY REDUCE PRODUCTION OR EXPORTATION OF COPPER, ESPECIALLY IN LIGHT OF SEVERE NEED FOR FOREIGN EXCHANGE WHICH WILL NOT ABATE THROUGH 1978. FOR POLITICAL REASONS, GOZ MIGHT SIGN CUTBACK AGREEMENT, BUT THE CHANCES OF ITS ACTUALLY ADHERING TO SUCH AN AGREEMENT ARE SLIGHT FOR THE FORESEEABLE FUTURE. THIS HAS BEEN THE CASE WITH COFFEE EXPORTS. GOZ CONTINUES VERBALLY TO SUPPORT INTER-AFRICAN COFFEE ORGANIZATION RESOLUTION CALLING FOR MEMBER COUNTRIES TO SUSPEND COFFEE

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EXPORTATION IF WORLD MARKET PRICES FALL BELOW \$2.65 PER POUND FOR ROBUSTA. YET THE ZAIRIAN CENTRAL BANK CONTINUES TO AUTHORIZE EXPORTS OF COFFEE AT PRICES FAR BELOW THAT LEVEL.

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